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The Agricultural Situation

GENERAL

Level of Economic Activity

The general level of economic activity for the coming year will be determined to a large extent by the levels of the following four factors: (1) consumer expenditures, (2) private investment, (3) government and state expenditures, and (4) foreign trade. The present situation and potential future prospects for each of these factors are presented below.

The level of disposable income, rising steadily since 1939, reached a level of $287.2 billions in 1956 and $302.9 billions in the third quarter of 1957. The indications are that consumer incomes have leveled off but will continue to support a high level of economic activity. Continued use of consumer credit during the past year added to consumer buying power. A decline in the growth of the labor force served to temper the increases in demand. Employment in September totaled 65.7 million which reflected a decline of 100,000 from last year. Unemployment in November has been estimated at 3.1 million persons.

Private investment leveled off in 1957 following the rapid advances in 1955 and 1956. Business role of investment in new plant and equipment was about $37 billion with some decrease expected for 1958. The McGraw Hill survey indicated a decrease of about seven percent in planned capital expenditures by business in 1958. Although total construction outlays in 1957 increased 2 percent over 1956, private residential outlays declined. Construction activity is expected to improve in 1958 as the demand for investment funds slackens.

Government expenditures were at an annual rate of 87.2 billion dollars during the third quarter of 1957, an increase of 8 percent from 1956 as a result of increased national security expenditures. State and local government spending increased by $3 billion over a year ago. Prospects are for further expansion for construction of schools, highways, and water and sewer systems.

As a consequence of a continued expansion of foreign economies and increased U. S. foreign investment, U. S. exports attained a record $19.2 billion in 1957. A reduction in the U. S. export surplus is indicated partly as a result of reduced need for U. S. petroleum and agricultural products.

On the basis of changes in the four factors considered above, no clear cut trend, either up or down, is evident for economic activity in 1958. The general direction will depend on the extent to which increased governmental expenditures will offset moderate declines in other sectors of the economy. It appears that many industries will experience unfavorable demand conditions relative to the plant capacity which has been added in recent years.

Farm Prices and Income

U. S. farm income in 1957 increased for a second consecutive year following the declines from 1951 to 1955. Continued reductions in the number of farms combined with increasing income from off-farm sources may result in further increases in average income per farm. Net realized income was at an annual rate of 12.1 billion dollars compared with 11.9 billion a year ago.

With a continued strong domestic demand for food, prices received by farmers are expected to be much the same as in the past year. Prices received in 1957 averaged 3 percent greater than for 1956 largely due to improved livestock prices. Prices paid by farmers on the other hand increased by 3½ percent over a year ago, thus yielding a parity ratio of 82 compared with 83 in 1956. Little change in the parity ratio is expected for 1958.

—John Franzmann

CROPS

Wheat

Supply

Wheat supplies are the smallest since 1953. In the 1957-58 marketing year, supplies total 1,843 million bushels and consist of the July 1, 1957 carryover of 908 million, the current crop estimated at 927 million, and imports, principally of feeding quality wheat, of about 8 million bushels. These supplies are 196 million bushels below the record supplies of 1956-57 and the decrease has resulted chiefly from record exports and a smaller crop. Exports of wheat were 549 million bushels during the 1956-57 marketing year, compared with 346 million in 1955-56 and 274 million bushels in 1954-55. The 1957 wheat crop was 70 million bushels or 7 percent smaller than the 1956 crop. It was 188 million bushels or nearly 17 percent below the 1947-56 average.

Domestic disappearance of wheat during 1957-58 is estimated at 592 million bushels, slightly above the domestic consumption in 1956-57. Food use (including use by Territories of the United States and by military services) is estimated at 479 million bushels, slightly lower than the 481 million used last year. Feed use may total 50 million bushels, approximately 17 percent greater than the quantity used for feed last year but below the longtime average. Seed use is estimated at 63 million bushels, 6 million greater than last year.

With total supplies of 1,843 million bushels and a domestic requirement of 592 million bushels, about 1,251 million bushels will be available for export and carryover. Exports in 1957-58 may approach 400 million bushels, which, although large, is about 28 percent below the all-time record of 549.4 million bushels exported last year. If exports are this large, the carryover July 1, 1958 would be about 851 mil-

lion bushels. This compares with 908 million on July 1 this year and 1,033 million bushels on July 1, 1956.

Support Price

Marketing quotas on wheat will be in effect for the 1958 crop. The national average support price for the 1958 crop will be not less than $1.78 per bushel. This price reflects 75 percent of estimated transitional parity price. If a combination of wheat parity price and supply relationships as of July 1, 1958 indicates a higher support price, the minimum average support may be increased. Producers in commercial wheat states who comply with their individual farm acreage allotments will be eligible for the full level of price support. In the noncommercial wheat states, acreage allotments and marketing quotas will not apply. Support rates in these states are set by law at levels representing 75 percent of the support rates calculated for the national average.

Acreage Reserve Participation

According to reports in the 36 states of the commercial wheat area, 3.92 million acres of the winter wheat "allotment" land were put in the 1958 Acreage Reserve of the Soil Bank through the close of the winter wheat signup on October 4. This acreage is approximately one-third of the 10.69 million acres committed to the Soil Bank by the end of the 1957 winter wheat acreage period. Possible reasons for this reduction are the improved moisture conditions, aversion to Soil Bank base requirements, and the limit of $3,000 on payments to any one producing on any one farming unit. It is estimated that spring wheat farmers will place about a million acres under the Acreage Reserve. This would make a total of 5 million acres in the Acreage Reserve Program of the Soil Bank.

Possible Increase in 1958 Carryover

If 5 million acres are removed from wheat production by participation in the Acreage Reserve Program, it is estimated that the acreage seeded would total about 56 million acres. Assuming the acreage abandoned and diverted is equal to 12.7 percent (1947-56 average) of the acreage seeded, about 49 million acres would be harvested for grain. This compares with 43.2 million acres for 1957, 49.8 million for 1956, and the 1951-55 average of 60.5 million acres.

Yields per acre have been high in recent years on the curtailed acres. In addition, moisture conditions this fall have been favorable. Assuming a yield of 20 bushels per harvested acre, a crop of about 980 million bushels would be produced. If yields in 1958 are equal to the all-time record of 1957, 21.5 bushels per acre, a crop in excess of a billion bushels would be produced.

Domestic disappearance in 1958-59 may total 600 million bushels. This would be above that of recent years. There may be some increased feeding under the new legislation which permits farmers whose wheat

acreage allotments are less than 30 acres to seed up to 30 acres without penalty, provided the entire crop is used on the farm where it is produced. If the 1958 crop should total 980 to 1,050 million bushels, minimum exports of 380 to 450 million bushels would be necessary to avoid an increase in carryover stocks. Exports of this size could occur, but a substantial decline in carryover in 1958-59 is not likely.

—Nellis A. Briscoe

Cotton

The supply of cotton for 1957-58 is now estimated at about 22.3 million bales. This is about 5.3 million bales smaller than the record of last year and is the smallest since 1953-54. The supply consists of an estimated production of 11.0 million bales, a carryover into the current season of 11.2 million, and imports of about 0.1 million bales.

Disappearance for the current season is expected to total about 14.1 million bales, leaving an expected carryover at the end of the current season of about 8.2 million bales. This carryover would be about 3.0 million bales smaller than last year and the smallest since 1953.

The yield of lint per harvested acre is indicated at 390 pounds. This compares with 409 pounds last year and a record high of 417 pounds in 1955. Higher yields in 1957 than in 1956 are estimated for Texas and California.

Oklahoma's cotton crop was estimated at 245,000 bales as of December 1—down 85,000 bales from the October 1 estimate. This compares with last year's drought-stricken crop of 261,000 bales and 1955 production of 463,000 bales. Yield was estimated at 218 pounds of lint per acre compared with 175 pounds last year.

Total disappearance of U. S. cotton in 1957-58 will be down from last year. Disappearance of cotton was 16.2 million bales in 1956-57 and is estimated at about 14.1 million bales in 1957-58. Although down from last year it will be the largest for any season since 1951-52. Smaller exports will cause most of the reduction in disappearance.

During 1956-57 domestic mill consumption of cotton declined to nearly 8.6 million bales from 9.2 million the previous season. Consumption during the present season is expected to be down an additional 16,000 bales. This would be the smallest since 1953-54 when 8,576,000 bales were consumed.

Per capita cotton consumption in the U. S. during 1957 is estimated at about 24 pounds. This is about 2 pounds less than in 1956 and 2.5 pounds less than in 1955. Per capita man-made fiber consumption also declined in 1956 and is expected to be down slightly in 1957.

The relationship between the prices of cotton and the prices of man-made fibers caused some substitution of cotton for man-made fibers in 1956. The decline in cotton prices relative to the prices of

man-made fibers stimulated this substitution. Cotton's share of the fiber market was larger in 1956 than in 1955 but cotton's share in 1957 is expected to be about the same as in 1955.

Allotments

The national acreage allotment for the 1958 crop of upland cotton has been announced at 17,391,304 acres, the same as for the past two years. The Agricultural Act of 1956 states that the national acreage allotments for 1957 and 1958 shall be no smaller than for 1956.

The total of the state acreage allotments (17,454,528 acres) is larger than the national acreage allotment because of the following provisions of the Agricultural Act of 1956:

Section 302 of the Agricultural Act of 1956 requires that if the apportionment to any state from the 1958 national acreage allotment is less than the 1957 state acreage allotment by more than 1 percent, such apportionment shall be increased so that the 1958 state acreage allotment will be 99 percent of the 1957 state acreage allotment. The acreage required for such increases was 63,224 acres.

Section 303 (a) of the Agricultural Act of 1956 provides that the national acreage reserve of 100,000 acres be appointed among states on the basis of the estimated needs of each state for additional acreage to establish minimum farm allotments under section 344 (f) (1) of the act; the amount apportioned to Nevada is directed to be 1,000 acres. This national reserve is in addition to the 1958 national acreage allotment.[1]

Oklahoma's total acreage allotment was set at 827,162 acres compared with 841,990 acres for 1956-57.

—William E. Cathcart

FEED

Total Supplies

A record production of feed concentrates this year piled on a 47 million ton carryover from last year resulted in the largest supply of feed on record—213 million tons. This is 13 million tons above the previous record set last year and is 39 million tons above the 1950-1954 average. Carryover October 1, 1958 is likely to be 57 million tons—enough to provide sufficient grain supplies in 1958-1959 even if the 1958 growing season is the poorest in half a century.

Grain Sorghums

Again, the big news in feeds is the sharp increase in sorghum production. Grain sorghum supply for 1957-1958, estimated at 595 mil-

[1] State acreage allotments announced for 1958 Upland Cotton Crop, USDA, Washington, D. C., October 18, 1957.

lion bushels, is more than double the large supply of last year. The 1957 production, estimated in October at 514 million bushels, is more than double the previous record set in 1955 and is three times the 1950-1954 average.

Oklahoma grain sorghum production is expected to be 17,856,000 bushels, considerably above the 6,164,000 bushels produced last year. However, continued wet conditions have delayed harvest. Some lodging and damage to the grain have occurred.

Corn

Although the number of acres planted was the smallest in 70 years, the production of 3,305 million bushels this year is only four percent below the bumper crop of last year and is the third largest on record. A record corn supply totaling 4,663 million bushels is available for 1957-1958, slightly above the supply last year of 4,618 million bushels.

Oklahoma corn production is estimated at 4,305,000 bushels, slightly over one-fourth the past 10-year average.

Oats and Barley

The estimated supply of oats for 1957-1958 is 1,596 million bushels, slightly above the 1950-1954 average. The 1957 production of 1,338 million bushels was about 16 percent larger than the crop of last year.

The 1957-1958 barley supply is the highest on record, 13 percent above the supply of last year and 54 percent above the 1950-1954 average. The production this year of 431 million bushels was 16 percent larger than in 1956.

On October 1, the stock of oats on Oklahoma farms was estimated to be 12,158,000 bushels, about 4 million bushels more than on October 1, 1956. The estimated stocks of barley were 4,423,000 bushels, over double the stocks of a year ago.

Other Feeds

The estimated 1957-1958 U. S. hay supply is about 139 million tons, the largest on record both in total and per roughage-consuming animal unit. The supply includes a large hay crop of over 121 million tons and a carryover of nearly 18 million tons.

The supply of high protein feeds is expected to equal the record of 249 pounds per animal unit last year. The total supply has increased steadily for several years, reaching a high of nearly 12.9 million tons (soybean oil equivalent) in 1956-1957.

Estimated Oklahoma hay production is 1,775,000 tons. This production is more than ½ million tons over the short crop of last year, but slightly below the 10-year average of 1,806,000 tons. Early seeded wheat and other small grains are furnishing excellent pasture.

Prices

The growing supply of feed grains has resulted in the lowest feed prices in 14 years. Livestock-feed price ratios are favorable and are expected to continue above average during the coming winter and spring.

In the week ending November 15, 1957, the average prices received by Oklahoma farmers were $1.46 per 100 pounds for grain sorghum, $1.20 per bushel for corn, and $24.80 per ton for alfalfa. Feeding of grain sorghum appears particularly profitable.

On October 2, the Department of Agriculture announced a 1957 national average support rate of $1.40 per bushel on corn for farmers complying with acreage allotments in commercial areas. The support rate in commercial areas for corn produced not in compliance with allotments is $1.10 per bushel. In non-commercial areas, the national basic support rate is $1.27 per bushel for corn. The revised support rate for grain sorghum is $1.86 per 100 pounds, oats $.61 per bushel, and barley $.95 per bushel.

—Luther Tweeten

LIVESTOCK AND LIVESTOCK PRODUCTS

Beef Cattle

Cattle Numbers

A decline in the inventory number of cattle and calves on farms which began in 1956 continued throughout 1957. The Agricultural Marketing Service has estimated that the number on farms January 1, 1958 may be approximately 2 million less than the 95.2 million on January 1, 1957. However, continued restocking in the Great Plains States may result in a reduction of less than two million head.

A smaller calf crop and high slaughter rates this year have contributed to the expected reduction. The calf crop may be down one million head and slaughter of heifers has increased five percent in 1957. On the other hand, slaughter of cows and calves decreased three percent in 1957. At these slaughter rates, an early increase in cattle numbers is unlikely.

The number of cattle on farms may decline for another year or two but the total decline is expected to be shorter and smaller than in most previous cycles. Principal reasons for this outlook are (1) downswings in production have been getting progressively shorter, and (2) the strong demand for beef and abundant supplies of low-priced feed will stimulate a new expansion.

Cattle Feeding.

Abundant feed supplies will encourage a high volume of cattle feeding this winter and likely will result in feeding to heavier than

normal weights. Feeder cattle moved into feedlots later and at heavier weights in 1957 than in 1956.

Despite higher prices paid for feeder cattle this fall, profits in feeding are likely to at least equal the average of recent years. Lower priced feed will reduce costs of feeding while prices for fed cattle are likely to be strengthened by the expected smaller number of slaughter cattle going to market in 1958. For the year as a whole, the danger of incurring price discounts for overweight may be of more pressing concern than changes in the general level of prices.

Cattle Imports

A unique feature of the cattle trade this fall has been the increase in the number of cattle imported from Canada and Mexico. Before World War II, almost a half million cattle were imported from Mexico and several hundred thousand from Canada. Since World War II, imports have been limited at various times by those countries' export regulations, by closing of borders due to foot-and-mouth disease, and recently by low prices in this country.

From July to November 1, 89,000 feeders and 51,000 slaughter cattle had entered the United States from Western Canada. Also, between January 1, and August 31, about 155,000 cattle under 700 pounds entered the southwestern states from Mexico. Though small by prewar standards, these imports are large as compared with the last two or three years. Increased imports this year came largely as a result of rising prices of cattle in this country and the improvement of ranges in the Southwest.

These imports may have slightly eased the pressures felt in feeder markets; however, a shortage in the supply of feeders still appeared. The importation of cattle from Canada likely will decrease the supply of slaughter cattle in Canada next year and Canadian consumption, which is capable of absorbing nearly all domestic beef production, will push Canadian prices up to United States' levels. Thus, the number of Canadian feeders coming into this country in 1958 likely will fall below the number of 1957. Any easing of the U. S. feeder market pressure currently gained through the importation of Canadian cattle likely will be absent next year.

Prices

Prospective supplies indicate no cyclical increase in beef production in 1958, so prices are likely to maintain a level equal to and possibly above that of 1957. The increase in population, decreased number of cattle on farms in the United States, and the expected reduction in cattle imports in 1958 are likely to more than offset the heavier weights of fed cattle. It is estimated that per capita consumption of beef will decrease from 84 pounds in 1957 to 81 pounds in 1958. Thus, cattle prices should be steady or slightly higher if consumers' incomes and the demand for beef remain high. As compared with other cycles, a smaller decrease than usual is expected in cattle slaughter and beef

output and the total price advance may not be as great. It could, however, be substantial. Although the prices of all cattle are expected to be higher in 1958, the large volume of feeding is likely to prevent the prices of fed cattle from rising as much as prices for other classes.

—Alfred L. Barr

Dairy

U. S. milk production for 1958 is expected to be at an all time high of one to two billion pounds more than the 127 billion pounds estimated for 1957. While milk cow numbers are the lowest in 26 years, the production per cow is at a record high and should increase from the 1957 figure of 6130 pounds per cow (Table 1). With more favorable feed conditions in the plains, the increased production per cow should more than offset any decline in milk cow numbers in 1958.

Oklahoma milk production in 1957 declined from 1956. A large decrease in the production of milk for manufacturing and for making butter occurred, but there was some increase in the production of Grade A milk. From 1945 to 1946 Oklahoma milk production declined about 1 billion pounds. However, income during this period increased about 10 million to reach 68 million dollars as a result of shifting from cream sales to milk sales.

The number of milk cows on farms in Oklahoma has been decreasing for four years. This trend is expected to continue in 1958 and is an important factor in the downward trend in production. As a progressively larger percentage of Oklahoma produced milk is Grade A, it is expected that total dairy income in Oklahoma will be some larger in 1958 than in 1957.

Milk production costs in 1958 should be about the same as in 1957. Abundant feed supplies will result in lower prices of feed concentrates and roughages but other costs will be up. Larger investments in bulk tanks, pipeline milkers, and supplies generally will contribute to higher costs.

The 1958 demand for dairy products is expected to be at about the same level as for 1957. However, the income and price situation will depend on the level of supports after April 1, 1958. Prices are near support levels and the government will purchase about five percent of the output in 1957. Beginning April 1, 1958, support prices will be lowered to 75 percent of parity. Thus, income of dairy farmers may be slightly smaller in the coming year. Government purchases may be about as large as in 1957.

Per capita consumption of dairy products on a milk equivalent basis dropped from 807 pounds in 1940 to about 705 pounds in 1957 (Table 1). The per capita use of dairy products in 1958 is expected to be down slightly from 1957. These average figures do not show the trends in consumption of various dairy products which have been taking place. Consumers have been consuming smaller amounts of butterfat and larger amounts of solids-not-fat (Figure 1). It has been estimated that the decrease in butter consumption from 1930 to date

TABLE 1.—Annual Milk Production of United States and Oklahoma and Consumption for United States 1930 to 1957

Year	Production per Cow (Lbs.)		Milk Cows on Farms (Thousands)		Milk Produced (Billion Lbs.)		Oklahoma Farm Value of Milk Produced[1] (1000 Dollars)	U. S. Production Per Capita, Milk Equivalent (Lbs.)	U. S. Consumption Per Capita, Milk Equivalent (Lbs.)
	U. S.	Oklahoma	U. S.	Oklahoma	U. S.	Oklahoma			
1930	4,508	3,480	22,443		100.2	2.217	41,236	814	808
1935	4,184	3,100	24,180	734	101.2	2.275	33,442	795	789
1940	4,625	3,380	23,637	701	109.4	2.380	34,986	828	807
1945	4,797	3,940	25,110	770	119.8	2.562	68,662	856	777
1950	5,292	5,680	21,959	542	116.6	1.991	70,880	769	731
1955	5,625	4,130	21,220	413	124.5	1.702	65,697	754	710
1956	6,000	4,450	20,927	386	125.7	1.713	68,349	739	707
1957	6,130		20,718	369	127.0	1.657[2]		738	705
1958					129.0[2]				

[1] Gross farm income plus value of milk fed calves.
[2] Estimate.
Source: USDA and National Milk Producers Federation, Washington, D. C.

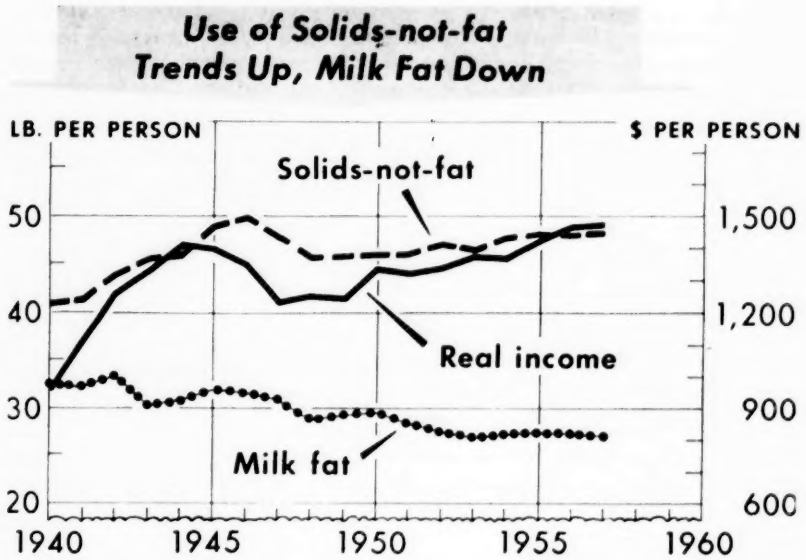

Figure 1. Trends in the per capita consumption of milk fat and solids-not-fat, United States, 1940-1957.

has been 10 pounds per person or a milk equivalent of 30 billion pounds. In contrast, the consumption of solids-not-fat has increased by 10 pounds per person. These two trends have not offset each other. The increased consumption of solids-not-fat has represented a transfer from animal feed to human food and has had little effect on the price structure for milk fat.

In Oklahoma, hearings under Federal Milk Marketing Orders are being held to consider price adjustments and changes in the operation of the supply-demand adjustment factor. Premiums above minimum prices have been in effect in Oklahoma and other Federal Order Markets. Milk production in Oklahoma City is down from a year ago and the Class I utilization was about 80 percent in October. The uniform blend price was $5.04 per cwt.

—**A. W. Jacob**

Hogs

An increase in 1958 hog production is definitely in view. Several factors accounting for this increase are: (1) higher hog prices in 1957, (2) a favorable hog-corn price ratio, and (3) bumper harvests of feed crops this year with declining feed prices. Hog production has already started up with an increase of around three percent in the 1957 fall

pig crop. This three percent increase will be largely offset, however, by larger withholdings of breeding stock for 1958 fall farrowing and a normal two percent rise in the consuming population. The increase will continue in 1958 with the spring pig crop up from 7 to 10 percent.

It is expected that Oklahoma producers will increase their production in line with the national trend, although no exact farrowing estimates are available. A large increase in grain sorghum production together with favorable hog prices may exert the most influence on this decision.

Farrowing reports from 10 corn belt states indicate that hog production will be increased. The hog-corn price ratio barometer also points to an increased crop in 1958. Figure 2 shows the hog-corn price ratio and the change in number of sows farrowing the next spring for the years 1924 to date. The 1957 September-December average ratio has been between 14 and 15. The normal increase in the spring crop with this ratio is between 5 and 10 percent.

Prices have turned down seasonally from the high of late summer, but are expected to remain above last year's prices through the summer

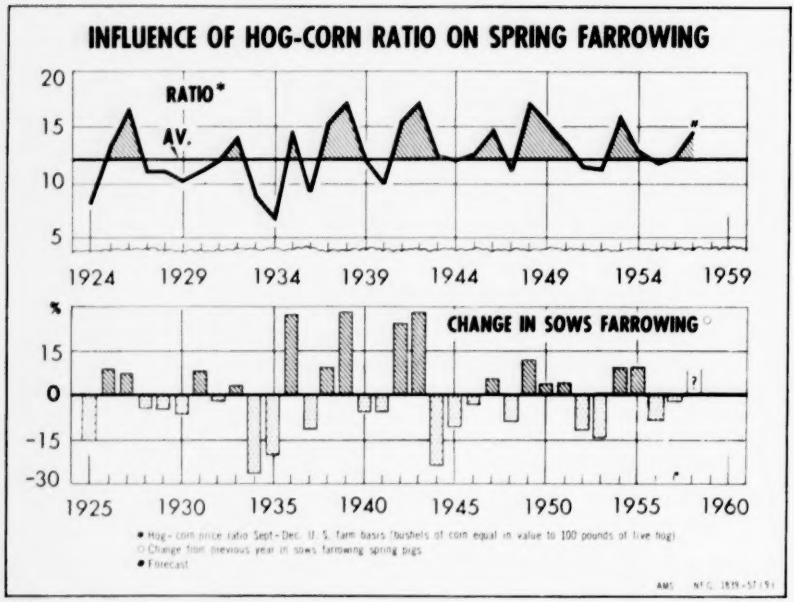

Figure 2. This chart shows the U. S. hog-corn price ratio each fall since 1924, and the change in number of sows farrowing the next spring. An above-average ratio has usually been followed by an increase in farrowings, a below-average ratio by a decrease. (Note that the years in the lower section are shown advanced one year so as to permit comparisons directly up and down.)

of 1958. Somewhat lower prices are expected after that date but the extent of the decline will depend on how much the 1958 spring farrowings are increased. A large 1958 fall pig crop would serve to decrease prices further in the latter part of that year. Too large an increase in hog production in 1958 would incur danger of badly depressed prices. For example, an increase of seven percent probably would result in prices appreciably lower than in late 1956 and in 1957. An increase of 8 to 10 percent would decrease prices substantially more but not to the low level of 1955.

Hog slaughter figures of 1957 go far toward explaining the current favorable prices for hogs. The total number of hogs slaughtered, January through October, 1957 was 59 million head as compared with 64,018,600 head in 1956. This was a decrease of 7 percent. This trend is expected to continue through 1957 with estimated commercial slaughter at about 80 million head compared with 85 million in 1956. For the January-October time period, hog slaughter figures for Oklahoma show 664,000 head for 1957 compared with 852,000 head in 1956, a decrease of about 8 percent.

Hog slaughter for 1958 will definitely increase, with most of this increase coming in the latter part of the year. The normal seasonal drop in price at that time is expected to be sharp because of the large marketings. Producers planning a 1958 fall pig crop should sell as early as possible to avoid severe price declines.

In summary, current high prices received by farmers are due principally to the short supply of pork induced by low prices received in 1955. High hog prices are also affected by the small amount of pork held in cold storage this summer, a reduced supply of beef, high consumer incomes, and a generally rising price level. High hog prices, coupled with a favorable feed supply and feed prices, point to a considerable increase in the 1958 crop. At the risk of sounding pessimistic, it must be pointed out that the hog cycle has reached its peak and prices are now on the down-swing. Individual producers will respond differently to prospects for hog prices because they have different costs and different alternatives. Understanding these prospects should help to bring moderate rather than extreme expansion, and thereby make progress toward the greater stability. The actions of producers will determine the outcome.

—Fred Mangum

Poultry

Poultry producers, particularly those with the enterprise organized for egg production, have adjusted output to a more favorable demand-supply relationship for this segment of the industry. This was accomplished primarily by reducing the number of chicks raised to 394 million compared with 479 in 1956. Although chicks raised were reduced 18 percent, layers on farms January 1, 1958 will be about 5.5 percent less than the 335 million on hand at the beginning of 1957.

There are indications that flocks will be composed of a larger proportion of second year hens than usual. The management practice of keeping proven producers for more than one year has become a generally established practice. This has been brought about through improved breeds, sanitation, and improved knowledge of the physiological reaction of the birds to feed qualities. This practice has also enabled the industry to reduce substantially the variations in production and the subsequent seasonal price changes.

Reduced seasonal variation in production is evident from the change in July 1 storage holding of eggs from 1940 to date. Storage holdings averaged 32 percent of the February-June production from 1940 to 1944. The situation changed rapidly in 1945 and subsequent years. For the period 1950-54, storage holdings averaged 16 percent of the February-June production. From 1955 through 1957, the trend has continued downward and storage holdings have averaged only 14 percent of the February-June production. Reducing the amount stored through adjustment of seasonal production has eliminated one marketing service and has reduced the cost of poultry products to consumers. However, the reduction in storage holdings has not resulted in higher prices to producers even though producers have been able to adjust supplies more quickly to changes in prices.

The supply of eggs for the first 9 months of 1958 likely will be slightly below the 1956 and 1957 production. It is estimated to be about 97 percent of the 61 billion eggs produced in each of these years. This should result in a price level comparable with 1956 which was 6 cents greater on the average than prices in 1957. The last three months in 1958 should find output expanded and the prices slightly lower.

Favorable prices throughout the first 9 months of 1958 will bring about an increase in chicks raised for flock replacement. Producers could prevent the decline in the last three months of 1958 if they would increase numbers no more than two percent. An increase in the population of three percent warrants only an expansion in output of about two-thirds the rate of the population increase.

Broilers

The broiler segment of the poultry industry has experienced the longest period of low prices in the history of the industry. Broiler placements through the first 11 months were 10 percent greater in 1957 than in 1956 (1,271,219,000 compared with 1,154,660,000). It is quite evident that the market will not take the additional output each succeeding year which the industry can produce at prices comparable with the early years of the 1950's. During this period increases of 25 and 30 percent were marketed without much reduction in price.

Weekly egg setting and hatching during September and October increased 10 percent above a year ago. This likely will result in an increase in marketings of 12-14 percent compared with the same period in 1956. This gain may be larger than the annual average. Increased production in 1958 of 10 percent would decrease broiler prices below

the U. S. average of 19 cents and the Oklahoma average of 18 cents. This apparent willingness to expand output even at relatively low broiler-feed price ratios will result in another increase in broiler production in 1958.

Turkeys

The turkey situation has many elements of indeterminateness. Producers have been marketing the largest crop of birds on record. The latest preliminary estimate is 81 million compared with 77 and 66 million head in the two previous years. This crop has been marketed at prices from 3 to 5 cents a pound below prices received in 1956. These are the lowest prices since 1941.

The reported rate of slaughter by the Agricultural Marketing Service indicates that the 1957 slaughter has been less than the 1956 slaughter by about 70 million pounds. (Table 2). This indicates that a large number of birds are being held for marketing at a later date. However, the Agricultural Marketing Service points out that the "increase of 52 million pounds of turkey meat in storage is more than enough to offset the reduced number of live turkeys remaining for slaughter."

This apparent contradiction in the reports cannot be satisfactorily solved until the latter part of February when cold storage holdings and slaughter can be more accurately estimated. There is sufficient evidence to believe that the price will not make any improvement for the next 9 months to relieve the present situation. Producers may need to re-evaluate their intentions of reducing production in 1957 to about the 1956 level of 77 million birds.

Table 2.—U. S. Turkey Slaughter by Months, 1956 and 1957.

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total of 11 months
						(000,000 Pounds)							
1956	15.6	7.3	17.7	8.9	19.7	30.4	32.8	91.3	123.6	168.8	303.7	178.0	819.8
1957	25.9	14.0	12.2	13.7	26.5	42.3	42.2	81.6	107.5	149.3	231.9	____	747.1
Percent of 1956	129	190	145	154	135	139	129	89	87	88	76		

Source: Daily Market Reports, AMS, USDA.

—**K. C. Davis**

Sheep, Lambs, and Wool

United States

The January 1, 1957 stock sheep and lamb inventory was one percent less than the preceding year and 1957 lamb crop numbers were estimated to be three percent less than in 1956. However, sheep and lamb slaughter in 1957 probably will total about four percent less than in 1956. Accordingly, little change from January 1, 1957 is expected in the January 1, 1958 inventory of sheep and lamb numbers.*

Prices of sheep and lambs have averaged about $1.00 more per hundredweight in 1957 than in 1956, and have been the highest in about

*Livestock and Meat Situation, AMS, USDA, Nov. 1957.

five years. Cattle prices probably will average higher in 1958 but hog prices are expected to be lower. Demand for lamb and mutton in 1958 probably will remain stable; consequently, sheep and lamb prices probably will not change much from prices received by farmers for these products in 1957.

The major factors preventing the expansion in feeder lamb numbers this winter are the price and availability of feeder lambs. The shortage of suitable feeder lambs will limit the volume of feeding. Feedlot feeding almost certainly will be down and wheat pasture feeding will be up, but the combined total of lambs on feed is not expected to exceed last year's level. Feeder lambs have been in short supply for this feeding season because western flock owners are holding many of their ewe lambs for replacement stock. Strong demand for lambs has caused the price of feeders to approach the slaughter lamb price.

The USDA has announced the incentive price support level at 62 cents per pound of shorn wool for the 1958 wool marketing year.** Also, payments will continue on pulled wool based on the liveweight of unshorn lambs. This is the same incentive price level used for the 1955, 1956, and 1957 wool marketing years. In previous years, this payment level has ranged from 106 percent of parity (1955 and 1956) to 101 percent of parity (1957). However, based on the September 15, 1957 parity price for wool, the 1958 incentive level will be approximately 95 percent of parity. Attempts by some farm groups to obtain a 1958 incentive level of 65 cents per pound proved unsuccessful.

World wool supplies in 1958 are likely to be slightly larger than those for 1957. Shorn wool production in the United States may increase next year due to an increase in sheep numbers. Range conditions in most areas of the West have been better in 1957 than for several previous years. Present increased demand for ewe lambs and breeding ewes points toward an increase in sheep numbers in that area. Therefore, more sheep in the western states probably will be sheared in 1958 than were sheared in 1957.

A large amount of the domestic wool obtained under the 1952-54 price support programs by the CCC has moved into trade channels during the last two years. With CCC holdings now very small and commercial stocks about in line with mill use, indications point toward an increased demand for shorn wool, even though mill consumption of wool has decreased. Monthly wool prices received by farmers have been higher this year than they were last year. The 1957 average wool price will be above the 1956 average, resulting in smaller incentive payments to producers. The price outlook for shorn wool for the coming year is not at all clear. Mill use of apparel wool during the coming months and next year's wool supply will be the major determining factors affecting this price.

**A wool marketing year for support program purposes is from April 1 to March 31 of the following year.

Oklahoma

The Oklahoma lamb feeding situation for the first few months of 1958 appears to be similar to the United States situation. Good moisture conditions have caused wheat and other small grains to make excellent growth. Pastures and ranges generally have the best cover in several years. Stubble fields, particularly in grain sorghum areas, are providing additional grazing and have delayed the need for supplemental feeding. Harvested feeds are in plentiful supply for winter feeding. Small grain pastures should continue to provide excellent grazing unless extremely cold weather prevents the growth of small grains or sleet and snow cover the pastures for a long period of time.

Indications are that feeder lambs will be in strong demand and short supply throughout the winter feeding season. Good ewe lambs are hard to obtain and young western ewes will be scarce next spring. As a result, farmers contemplating an increase in ewe numbers in their foundation flock should begin to act now.

Oklahoma stock sheep and lamb numbers on January 1, 1958 should be greater than the 1957 inventory since some ewe-flock operators purchased replacement ewes earlier in 1957. The short supply of ewe lambs may prevent the expansion farmers would like to make in the spring of 1958. Slaughter lamb prices are expected to retain this year's gain through at least the first half of 1958. Thus, price prospects for the spring (milk-fed) lamb marketing period appear good at present.

—Daniel D. Badger

Table 3.—Prices Received by Farmers for Oklahoma Farm Products.
(Dollars)

		Wheat	Corn	Oats	Barley	Rye	Grain sorghum	Cotton-lint	Cotton-seed	Sweet potatoes	Soybeans	Peanuts	Alfalfa seed
1955		2.09	1.41	.75	.98	1.10	1.14	.295	52.33	2.75***	2.20	.116	14.25
1956		2.00	1.39	.74	.94	1.12	1.13	.286	50.67	2.80***	2.21	.111	11.60
	Nov.	2.07	1.40	.88	1.10	1.25	1.26	.274	60.00	2.80	2.10	.110	12.60
	Dec.	2.08	1.41	.91	1.14	1.29	1.26	.265	63.00	2.90	2.15	.106	12.60
1957	Jan.	2.08	1.45	.91	1.14	1.25	1.26	.262	63.00	3.20	2.20	.108	12.90
	Feb.	2.04	1.41	.91	1.14	1.16	1.23	.270	61.00	2.90	2.20	.110	12.84
	Mar.	2.08	1.39	.89	1.10	1.15	1.22	.285	59.00	2.85	2.20	.110	13.50
	Apr.	2.05	1.40	.84	1.04	1.13	1.19	.288	* *	* *	2.20	.110	12.90
	May	1.95	1.42	.78	.98	1.08	1.13	.284	* *	* *	2.20	.110	12.30
	June	1.89	1.38	.63	.78	.95	1.08	.284	* *	* *	2.15	.110	* *
	July	1.92	1.41	.62	.75	.94	1.06	.287	* *	* *	2.20	.110	* *
	Aug.	1.88	1.38	.64	.77	.99	1.02	.285	51.00	2.75	2.20	.110	12.72
	Sept.	1.87	1.22	.68	.78	1.06	.89	.296	53.00	2.90	2.10	.110	12.72
	Oct.	1.86	1.17	.68	.77	1.02	.80	.287	49.00	2.75	2.05	.110	12.66
	Nov.	1.91	1.20	.66	.77	.96	.82	.273	49.00	2.75	2.00	.103	12.30

		All hay	Alfalfa hay	Wild hay	Cattle	Calves	Sheep	Lambs	Hogs	Wholesale milk	Butterfat	All chickens	Eggs	Turkeys
1955		22.92	26.90	18.19	14.09*	16.62*	5.59*	18.42*	16.08*	4.42*	.52	.215*	.332	.258
1956		23.93	28.92	19.09	13.32	15.97	5.11	18.71	14.44	4.52	.52	.174	.332	.247
	Nov.	31.10	37.50	26.80	12.30	15.00	5.00	17.10	14.20	4.85	.53	.155	.317	.240
	Dec.	31.60	38.50	27.50	12.50	15.00	5.00	16.80	15.80	4.80	.53	.148	.350	.250
1957	Jan.	31.70	38.00	28.00	13.30	15.80	6.00	17.40	16.70	4.70	.52	.152	.320	.240
	Feb.	32.00	38.50	28.00	14.00	16.10	6.00	17.80	16.50	4.55	.52	.164	.285	.230
	Mar.	27.70	36.00	25.00	14.50	16.50	6.50	19.30	16.70	4.30	.52	.163	.240	.230
	Apr.	25.50	32.50	22.50	15.70	17.50	6.50	20.70	17.40	4.15	.52	.162	.245	.230
	May	21.80	25.80	20.10	15.80	17.30	5.90	21.00	17.60	3.95*	.52	.165	.247	.230
	June	18.60	21.20	18.40	15.90	17.40	6.00	19.90	18.70	4.10	.51	.163	.243	.220
	July	19.10	23.00	16.50	16.40	17.70	6.40	19.50	19.30	4.20*	.51	.160	.248	.220
	Aug.	20.20	25.00	16.50	16.50	18.40	7.00	20.20	20.50	4.40	.51	.152	.283	.220
	Sept.	19.80	25.00	15.50	16.20	17.90	7.50	19.40	19.80	4.60*	.52	.147	.337	.220
	Oct.	19.80	24.50	15.90	16.00	18.20	7.30	19.20	17.40	4.85	.52	.141	.360	.210
	Nov.	20.00	24.80	16.40	16.50	18.60	8.00	19.70	16.80	5.00	.53	.138	.409	.220

SOURCE: *Prices Received by Farmers*, Agricultural Marketing Service, U.S.D.A., Oklahoma City, Oklahoma, Monthly Releases or ***Agricultural Prices***, A.M.S., U.S.D.A., Washington, D. C.
* Revised. ** Data not available. *** 9 months average.

Table 4.—Index Numbers of Prices Received by Farmers for Oklahoma Farm Products.[1]
(Percent of 1910-14 Average)

		Wheat	Corn	Oats	Barley	Rye	Grain sorghums	Cotton-lint	Cotton-seed	Sweet potatoes	All hay
1955		244	217	166	167	128	168	268	267	223***	260
1956		233	214	165	159	130	166	253	259	227***	271
	Nov.	241	215	196	187	145	185	242	307	228	353
	Dec.	242	217	202	194	151	185	235	322	236	358
1957	Jan.	242	223	202	194	145	185	232	322	260	359
	Feb.	237	217	202	194	135	181	239	312	236	363
	Mar.	242	214	198	187	134	179	252	301	232	314
	Apr.	238	215	187	176	132	175	255	* *	* *	289
	May	227	218	173	166	125	166	251	* *	* *	247
	June	220	212	140	132	111	159	251	* *	* *	211
	July	223	217	138	127	110	156	254	* *	* *	217
	Aug.	219	212	142	131	115	150	252	261	224	229
	Sept.	217	188	151	132	123	131	262	271	236	224
	Oct.	216	180	151	131	119	118	254	250	224	224
	Nov.	222	185	147	131	112	121	242	250	224	227

		Cattle	Calves	Sheep	Lambs	Hogs	Wholesale milk	Butterfat	All chickens	Eggs
1955		292*	278*	122*	316*	228*	229	221	229*	186
1956		276	268	110	321	205	234	224	185	187
	Nov.	255	251	108	293	202	251	226	165	178
	Dec.	259	251	108	288	224	249	226	157	197
1957	Jan.	275	265	130	299	237	243	222	162	180
	Feb.	290	270	130	305	234	236	222	174	160
	Mar.	300	276	141	331	237	223	222	173	135
	Apr.	325	293	141	355	247	215	222	172	138
	May	327	290	127	360	250	205*	222	176	139
	June	329	291	130	341	266	212	218	173	137
	July	340	296	138	334	274	218*	218	170	139
	Aug.	342	308	151	347	291	228	218	162	159
	Sept.	335	300	162	333	281	238*	222	156	189
	Oct.	331	305	157	329	247	251	222	150	202
	Nov.	342	312	173	338	239	259	226	147	230

SOURCE: Compiled by Dept. of Agri. Econ., Oklahoma State University, from data supplied by Agricultural Marketing Service, U.S.D.A., Oklahoma City, Oklahoma and Washington, D. C.
For previous years, see Oklahoma Agri. Exp. Sta. Bul. 238, *Oklahoma Farm Price Statistics* and *Current Farm Economics*, Okla. Expt. Sta. series 49, Vol. 13, Nos. 1 and 2, Feb.-Apr., 1940. Tables 16-19, and subsequent issues.

[1] For the index of purchasing power of a unit of an individual commodity in terms of commodities used in farm production and family living, divide the index of price received by Oklahoma farmers (in this table) by the index of prices paid by United States farmers (in Table 4) for the same month and multiply by 100.

* Revised. ** Data not available. *** 9 months average.

Table 5.—Price Indexes of Groups of Oklahoma Farm Products.
(Percent of 1910-14 Average)

		All commodities	Total crops	Grain	Cotton & cottonseed	Misc. crops	Total livestock and L. S. products	Meat animals	Dairy products	Chickens and eggs
1955		253	255	233	268	237	250	274*	224*	198*
1956		241	243	224	254	247	237	256	228	186
	Nov.	239	245	233	249	322	226	240	235	175
	Dec.	240	242	234	244	328	234	249	234	186
1957	Jan.	241	241	235	241	335	240	264	229	175
	Feb.	243	243	231	246	332	243	273	227	164
	Mar.	248	250	233	257	294	245	282	222	145
	Apr.	237	229	230	229	219	256	302	211	147
	May	233	223	220	225	187	258	304	216*	149
	June	231	219	212	225	159	260	309	216	147
	July	235	222	215	228	164	267	319	218*	148
	Aug.	248	238	211	253	228	274	326	221	160
	Sept.	252	242	207	263	227	275	318	230	180
	Oct.	246	235	204	254	224	270	306	232	188
	Nov.	243	228	209	243	161	278	312	237	207

Purchasing Power Indexes[1] of Groups of Oklahoma Farm Products
(Percent of 1910-14 Average)

		All commodities	Total crops	Grain	Cotton & cottonseed	Misc. crops	Total livestock and L. S. products	Meat animals	Dairy products	Chickens and eggs
1955		89	89	82	94	83	87	96	78	69*
1956		84	84	78	88	85	82	89	79	65
	Nov.	81	83	79	85	110	77	82	80	60
	Dec.	81	82	79	83	111	79	84	79	63
1957	Jan.	82	82	80	82	114	81	89	78	59
	Feb.	82	82	78	83	112	82	92	76	55
	Mar.	84	84	78	87	99	82	95	75	49
	Apr.	80	77	77	77	73	86	101	71	49
	May	78	75	74	75	63	86	102	72*	50
	June	77	73	71	75	53	87	103	72	49
	July	79	74	72	77	55	90	107	73*	50
	Aug.	83	80	71	85	77	92	109	74	54
	Sept.	84	81	69	88	76	92	106	76*	60
	Oct.	83	79	68	86	75	91	103	78	63
	Nov.	81	76	70	81	54	93	104	79	69

SOURCE: Compiled by Dept. Agri. Econ., Oklahoma State University, from data supplied by Agricultural Marketing Service, U.S.D.A., Oklahoma City, Oklahoma, and Washington, D. C.

[1] The ratio of prices received by farmers to prices paid by farmers for commodities used in farm living and production. For individual commodities see footnote 1 of Table 2.

* Revised.

Table 6.—Index Numbers in the United States, Index of Demand Deposits in Oklahoma, and Oklahoma Price Ratios.

		United States index numbers of:					Oklahoma price ratios[4]			
		Prices received by farmers (1910-14=100)	Prices paid by farmers (1910-14=100)	Wholesale prices (1910-14=100)	Factory payrolls[1] (1947-49=100)	Index of demand deposits in Oklahoma[2 3] (1923-25=100)	Hog corn	Egg feed	Turkey feed	Milk feed
1952		288	288	250	136.6*	293.2	10.20	8.9	7.0	1.533*
1953		258	284	247	151.4*	289.3	14.04*	11.2	7.6	1.520
1954		250	286	247	137.7*	289.3	15.15	8.6	7.4	1.479*
1955		236*	286	248	152.5*	291.3	11.43	9.5	7.4	1.600*
1956		236	289	256	161.3	297.4	10.35	9.7	7.2	1.680
	Nov.	234	294	261	168.2*	303.2	10.14	8.9	6.8	1.708
	Dec.	237	295	261	171.4*	300.1	11.21	9.8	7.0	1.653
1957	Jan.	238	295	263	165.5*	300.5	11.52	8.9	6.7	1.607
	Feb.	234	297	263	165.0*	288.0	11.70	8.1	6.5	1.567
	Mar.	238	297	263	164.3	284.6	12.01	6.8	6.5	1.499
	Apr.	242	298	263	161.5	290.1	12.43	6.9	6.5	1.467
	May	243	299	263	161.0*	286.3	12.39	7.2	6.7	1.441*
	June	244	299	263	163.8*	287.2	13.55	7.4	6.7	1.617
	July	247	298	265	160.4	295.3	13.69	7.5	6.6	1.653*
	Aug.	248	298	265	165.0	292.7	14.86	8.6	6.7	1.740
	Sept.	245	299	265	165.7	291.5	16.23	10.4	6.8	1.865*
	Oct.	240	297	265	----	291.8	14.87	11.5	6.7	2.025
	Nov.	242	299	265	----	----	14.00	13.0	7.0	2.095

SOURCE: Indexes of U. S. prices received and prices paid by farmers and indexes of U. S wholesale prices, from *Agricultural Prices*, A.M.S., U.S.D.A., Washington, D. C. Indexes of demand deposits in Oklahoma, calculated by Dept. Agri. Econ., Okla. Agri. Exp. Sta. from data furnished by Federal Reserve Board, Washington, D. C. Indexes of factory payrolls, from U. S. Department of Labor, Bureau of Labor Statistics, Washington, D. C.

[1] Unadjusted for seasonal variation.

[2] Demand deposits of Oklahoma member banks of the Federal Reserve System located in places under 15,000 population.

[3] Index numbers based on net demand deposits prior to 1956 and upon gross demand deposits since that date. For a discussion of this index see CURRENT FARM ECONOMICS, Oklahoma Agricultural Experiment Station Series 49, Vol. 13, Nos. 1 and 2, Feb.-Apr., 1940, p. 41.

[4] The number of bushels of corn or pounds of feed which one unit of the commodity (100 pounds of hogs, one dozen eggs, one pound of turkeys or milk) will purchase. Prices used are the official A.M.S. estimates of prices received by Oklahoma farmers except for commercial feeds or ingredients which are official A.M.S. estimates of prices paid by Oklahoma farmers. These ratios are computed on the basis of fixed rations and are not directly comparable with ratios computed from other rations. The composition of each ration used is available upon request.

*Revised

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